

Example 2

Rewrite the following statements and fill in the blanks by using the terms provided below. Some terms may be used more than once or not at all.

factors of production	capital and labour	trade negotiations
WTO	multilaterally	customs union
153 member	group	competition
common currency	bargaining	common market
technology	free trade area	long-term
some product	barrier	language
economic union	efficiency	prices
common external tariff	preferential trading agreement	macroeconomic and regulatory

Economic integration can be achieved (1)_____ or regionally. The multilateral approach is through multilateral (2)_____ that the WTO conducts in which the (3)_____ countries participate. Trade liberalization through the regional approach involves a (4)_____ of countries that agree to lower tariff and other barriers to trade between them. The degree of integration ranges from signing a (5)_____ where tariff reductions are offered only on (6)_____ groups all the way to forming an (7)_____ where members not only agree to the free movement of goods, services and (8)_____ but also coordinate certain (9)_____ policies and may even adopt a (10)_____.

In a (11)_____ members agree to lower or eliminate tariffs and other trade barriers but each maintains its own trade policy towards non-members, whereas if members form a (12)_____ then members adopt a (13)_____ and, more generally, a common trade policy towards non-members.

Pursuing further integration implies forming a (14)_____. In a common market there is also free movement of factors of production. (15)_____ move freely within the member countries. Concerning labour this means that workers can choose to work in any member country they wish but (16)_____ may emerge as the biggest and most difficult (17)_____ to overcome.

Trading blocks result in dynamic effects of a (18)_____ nature. Dynamic advantages are closely related to the benefits of freer trade. For example, (19)_____ will be enhanced with all the resulting benefits such as lower (20)_____ and greater (21)_____ in the allocation of resources, investment may increase due to the enlarged markets, (22)_____ will be diffused faster and growth may accelerate. Member countries may also enjoy greater (23)_____ and political power. On the other hand, preferential trading associations are considered by many as 'stumbling blocks' instead of 'building blocks' towards a liberalized multilateral trade system, as the role of the (24)_____ is undermined.